

Message Text

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TAGS:EMIN, OECD

SUBJECT: FRG QUERY RE U.S. PARTICIPATION IN OECD MINERALS
EXPLORATION METHODOLOGY PROGRAM

REF: PARIS 7324

1. PLEASE PROVIDE THE FOLLOWING INFORMATION TO FRAU STEEG,
MINISTRY OF ECONOMIC AFFAIRS, IN REPLY TO REFTEL MEMORANDUM
WHICH SHE PRESENTED TO UNDER SECRETARY COOPER AT
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FEBRUARY 24 OECD XCSS MEETING.

2. THE USG WAS ACTIVE IN THE PLANNING, BEGUN IN 1972, OF AN
OECD PROGRAM TO ADDRESS THE SPECIAL PROBLEMS OF MINERALS
PROSPECTING IN TROPICAL LDC'S. HOWEVER, BY 1977 WHEN ACTUAL
PROJECTS WERE DESIGNED AND SELECTED WITHIN THE OECD FOR
THIS PROGRAM, USAID PRIORITIES HAD CHANGED UNDER LAW (THE

U.S. FOREIGN ASSISTANCE ACT AS AMENDED IN 1977) TO FOCUS ON THE BASIC NEEDS (FOOD, HEALTH CARE, RURAL DEVELOPMENT, AND LABOR INTENSIVE INDUSTRY) OF THE POORER DEVELOPING COUNTRIES. AS A RESULT, USAID ASSIGNED LOW PRIORITY TO THE COUNTRY (COLOMBIA, A MIDDLE-INCOME LDC) AND THE OBJECTIVES OF THE PROJECT WHICH THE US GEOLOGICAL SURVEY (USGS) DEVELOPED UNDER THE OECD CRITERIA AND DECLINED TO

FUND IT. THE U.S. SO INFORMED THE OECD IN SEPTEMBER 1977. AT THE REQUEST OF OECD DEPUTY SECRETARY GENERAL WOOTTON, USAID RECONSIDERED AND IN NOVEMBER 1977 REAFFIRMED ITS EARLIER DECISION, NOTING THE SUBSTANTIAL CUT IN USAID RESOURCES TO PROVIDE SCIENTIFIC AND TECHNOLOGICAL ASSISTANCE TO LDC'S UNDER THE AGENCY'S NEW GUIDELINES. IN THE OPINION OF THE USGS THE 1 MILLION DOLS PROJECT CANNOT BE REDESIGNED ON A LESS COSTLY SCALE AND STILL MEET THE REQUIREMENTS OF THE OECD PROGRAM. THUS THE COLOMBIA PROJECT HAS BEEN ABANDONED. WE WISH TO NOTE THAT THE US DELEGATE ADVISED THE DAC, WHEN IT APPROVED THIS PROJECT ON MARCH 22, 1977, THAT IMPLEMENTATION WAS CONTINGENT UPON USAID FUNDING.

3. GIVEN CURRENT USAID PRIORITIES UNDER LAW, THE USG IS NOT IN A POSITION TO TAKE MAJOR INITIATIVES IN FUNDING EXPLORATION FOR MINERALS IN DEVELOPING COUNTRIES. THE FOLLOWING SECTIONS DESCRIBE THE PRINCIPAL CHANNELS THROUGH UNCLASSIFIED

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WHICH THE USG IS CONTINUING TO COOPERATE WITH DEVELOPING COUNTRIES IN THE EXPLORATION OF THEIR MINERAL RESOURCES.

A. USGS TECHNICAL ASSISTANCE AND TRAINING: IN 1977, THE U.S. GEOLOGICAL SURVEY (USGS) SENT OVER 100 TECHNICAL SPECIALISTS TO MORE THAN 40 COUNTRIES ON ASSIGNMENTS THAT VARIED FROM A FEW DAYS CONSULTATION ON A CARIBBEAN ISLAND TO A LENGTHY AND COMPREHENSIVE GEOLOGICAL ASSISTANCE PROGRAM IN SAUDI ARABIA. EXCLUSIVE OF THE SAUDI PROGRAM, WHICH IS ENTIRELY FUNDED BY THE HOST COUNTRY, THE COST OF THESE ACTIVITIES FOR THE CURRENT FISCAL YEAR IS PROJECTED AT US DOLS 2 MILLION OF WHICH DOLS 500,000 IS EXPECTED TO BE PROVIDED BY USAID AND THE REMAINDER BY RECIPIENT GOVERNMENTS AND MULTILATERAL AID INSTITUTIONS. THE USGS INTERNATIONAL PROGRAM IS NOT SOLELY FOR MINERALS EXPLORATION. SOME OF THE ABOVE ASSIGNMENTS WERE FOR GEOLOGICAL ASSISTANCE RELATING TO EARTHQUAKES, SELECTION OF SITES FOR HIGHWAYS AND DAMS ETC. IN MINERAL EXPLORATION EMPHASIS IS CURRENTLY ON USE OF SATELLITE MAPS AND REMOTE SENSING DEVICES. IN THE PAST THIS PROGRAM FOCUSED ON LONG RANGE INSTITUTION BUILDING PROJECTS IN THE LDC'S, SIMILAR TO THE CURRENT SAUDI UNDERTAKING, AND WAS HEAVILY FUNDED

BY USAID BILATERAL ASSISTANCE, BUT IN THE CHANGE OF USAID PRIORITIES IN RECENT YEARS TO BASIC HUMAN NEEDS (HEALTH CARE, FOOD, AND RURAL DEVELOPMENT) AID INVOLVEMENT IN THE GEOLOGICAL SCIENCES HAS BEEN REDUCED TO THE OCCASIONAL SHORT-TERM ASSIGNMENTS WHICH IT IS ABLE TO PERFORM UNDER SECTION 118 OF THE FOREIGN ASSISTANCE ACT AS AMENDED IN 1977. IN 1977, ABOUT 150 FOREIGN NATIONALS RECEIVED

TRAINING FROM THE USGS. ALL FUNDING FOR THIS WAS PROVIDED BY FOREIGN GOVERNMENTS AND INTERNATIONAL AGENCIES. UNDER A NEW PROGRAM OF THE DEPARTMENT OF ENERGY THE USGS WILL ASSESS ENERGY RESOURCES IN SEVERAL LDC'S.

B. UN REVOLVING FUND FOR NATURAL RESOURCES
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EXPLORATION: THE US HAS CONTRIBUTED US DOLS 3.5 MILLION TO THIS FUND WHICH HAS UNDERTAKEN PROJECTS IN FOUR DEVELOPING COUNTRIES. (IN 1977, THE U.S. AND SIX OTHER COUNTRIES ABSTAINED ON A UNGA RESOLUTION, A/RES/32/176, ON FINANCING NATURAL RESOURCES EXPLORATION BECAUSE OF OBJECTIONABLE LANGUAGE IMPLYING A NEED TO RADICALLY ALTER PRESENT MECHANISMS FOR TRANSFER OF TECHNOLOGY TO LDC'S).

C. OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC):
OPIC'S PRESENT CHARTER PROHIBITS FUNDING OF FEASIBILITY STUDIES FOR MINERALS, BUT NEW ENABLING LEGISLATION, NOW BEFORE CONGRESS, WILL PROVIDE UP TO US DOLS 200,000 PER YEAR FOR THIS PURPOSE. LOANS AND RISK INSURANCE FOR MINERALS DEVELOPMENT CURRENTLY COMPRISE A SIZABLE PORTION OF OPIC'S PORTFOLIO. OPIC OFFICIALS ANTICIPATE USING THE FUNDS, IF APPROPRIATED, FOR FEASIBILITY STUDIES ONLY IN RELATION TO PROJECTS UNDER ACTIVE CONSIDERATION FOR INVESTMENT.

D. CIRCUM-PACIFIC MAP PROJECT AND COMMITTEE FOR COORDINATION OF JOINT PROSPECTING FOR MINERAL RESOURCES IN ASIAN OFFSHORE AREAS: THE U.S. PARTICIPATES IN BOTH THESE ACTIVITIES. GEOLOGICAL MAPS HAVE BEEN COMPLETED FOR MOST OF THE LAND AREAS AND ARE IN PROGRESS FOR THE OCEAN REGIONS. THE PRIVATE SECTOR AND GOVERNMENTS ARE INVOLVED IN THESE ACTIVITIES.

E. COMMISSION FOR THE GEOLOGICAL MAP OF THE WORLD:
THE USGS PARTICIPATES IN THIS PROJECT WHICH INCLUDES THE GEOLOGICAL SURVEYS OF ABOUT 100 COUNTRIES. VANCE

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